

Attorneys Est. 1875

RECEIVED
NOV 15 2012
DIV. OF OIL, GAS & MINING

025 Kane County Gen
Corr

cc: Peter

TEL: 801-521-3200
FAX: 801-328-0537

170 SOUTH MAIN ST, SUITE 1500
SALT LAKE CITY, UTAH 84101

WWW.JONESWALDO.COM

AFFILIATED FIRM
LEAR & LEAR LLP

November 12, 2012

Mr. Paul Baker
Utah Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

Re: SITLA Mineral Lease No. ML 52188

Dear Mr. Baker:

We represent The Village Bank (Village Bank) in connection with its surface ownership of the following property (the Property):

Township 40 S, Range 4.5 West, SLB&M
Section 16: All

Village Bank made a loan to Nancy and Vernon Dimick in 2007 to purchase the Property, foreclosed on its Deed of Trust for non-payment of the loan in 2010 and obtained title to the surface estate on July 20, 2010. Attached is a copy of the Trustee Deed conveying title to Village Bank.

Village Bank is aware that the School and Institutional Trust Lands Administration (SITLA) issued Mineral Lease No. ML 52188 on June 1, 2012 (Mineral Lease) to Nancy and Vernon Dimick, as Trustees for the Rotary Land Trust dated June 15, 2007 (the Trust). SITLA's approval of the Dimicks' mineral lease application states that the Dimicks owned the surface estate, which was incorrect because at the time (June, 2012), Village Bank owned the surface estate.

The purpose of this letter is to notify DOGM that Village Bank owns the surface estate of the Property. We request that DOGM notify Village Bank of any notice of intention to commence small or large mining operations, any small or large plan of operation, or any similar application or submittal related to commencing mining operations on the Property that is submitted by the Dimicks or the Trust to DOGM.

The contact for Village Bank is:

November 12, 2012

Page 2

Doug Bringhurst
The Village Bank
294 E. Tabernacle
Saint George, UT 84770-2936

Please let me know if you would like to discuss this matter.

Very truly yours,

JONES WALDO HOLBROOK & MCDONOUGH PC



Lucy B. Jenkins
801 534-7356
ljenkins@joneswaldo.com

cc: Doug Bringhurst, The Village Bank
John Blake, SITLA

RECEIVED

NOV 15 2012

DIV. OF OIL, GAS & MINING

ENTRY NO. 00149072

09/08/2010 11:58:25 AM B: 0388 P: 0918

Corrected Trustee's Deed PAGE 1 / 2

VERJEAN CARUSO, KANE COUNTY RECORDER

FEE \$ 13.00 BY THE PARK FIRM P.C.



After Recorded Return to:

The Park Firm, P.C.
315 W Hilton Drive, #4
Saint George UT 84770-2203

Grantee's Mailing Address:

The Village Bank
294 E Tabernacle
Saint George UT 84770-2936

CORRECTED TRUSTEES DEED

This Deed is made by Michael W. Park, as successor Trustee under the hereinafter described Deed of Trust in favor of The Village Bank, a Utah corporation.

WHEREAS, on the 29th day of October, 2007, Vernon H. Dimick and Nancy Dimick, as trustors executed and delivered, for the benefit of The Village Bank, a Utah corporation, as Beneficiary, a certain Deed of Trust to secure the performance by the Trustors of their obligation under a Promissory Note executed and delivered for a valid consideration by Vernon H. Dimick and Nancy Dimick on the 29th day of October, 2007. The Deed of Trust was recorded in the office of the Kane County Recorder on the 29th day of October, 2007, as Entry No. 00137303, and covered the property described below; and

WHEREAS, a breach and default was made under the terms of the Deed of Trust in the particulars set forth in the Notice of Default referred to below; and

WHEREAS, Michael W. Park was appointed by the Beneficiary as Successor Trustee by a Substitution of Trustee recorded in the office of the Kane County Recorder on the 22nd day of October, 2009, as Document No. 00146028; and

WHEREAS, Michael W. Park, executed and filed for record in the office of the Kane County Recorder, a written Notice of Default containing the election to sell the trust property, which Notice of Default was recorded on the 22nd day of October, 2009, as Document No. 00146029; and

WHEREAS, the Successor Trustee in consequence of the declaration of default, election and demand for sale, and in accordance with said Deed of Trust, executed his Notice of Trustees Sale stating that he would sell at public auction to the highest bidder the property therein and hereafter described, and fixing the time and place of said sale as Thursday, July 15, 2010, at 11:00 a.m. of said day, on the steps of the Kane County Courthouse, and did cause copies of said notice to be posted for not less than twenty days before the date of sale therein fixed, on a conspicuous place on the property listed on the Notice of Sale, and at the Washington County Recorder's Office [Notice of Sale in accordance with Utah Judicial Code, 57-1-25(b) as amended]; and said Successor Trustee did cause a copy of said notice to be published

once a week for three consecutive weeks before the date of sale in The Richfield Reaper, a newspaper having a general circulation in the county in which the property to be sold is situated, the first date of such publication being Wednesday, June 16, 2010. The notice was also published in The Richfield Reaper on Wednesday, June 23, 2010, and Wednesday, June 30, 2010;

WHEREAS, all applicable statutory provisions of the State of Utah and all of the provisions of said Trust Deed have been complied with as to the acts to be performed and the notices to be given; and


WHEREAS, the Successor Trustee, at the time and place of sale, then and there sold, at public auction, to The Village Bank, a Utah corporation, being the highest bidder therefore, the property described for the sum of \$427,827.

NOW THEREFORE, Successor Trustee, in consideration of the premises recited and of the sum above mentioned, bid and paid by The Village Bank, a Utah corporation, the receipt whereof is hereby acknowledged, and by virtue of the authority in him by said Deed of Trust, grants and conveys unto The Village Bank, a Utah corporation, but without any covenants or warranty, express or implied, all of that certain property situated in Kane County, State of Utah, and described as follows:

All of Section 16, Township 40 South, Range 4 ½ West, Salt Lake Base and Meridian. Together with any rights or interest in two acre feet of Utah Division of Water Rights number 85-1061 (a28132).

Real Property Tax ID: 0-1,5-16-1 (0-4,5-16-1 WUC#85-1061)

DATED this 7th day of September, 2010.

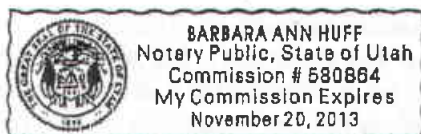

Michael W. Park
Successor Trustee


State of Utah)
 :
County of Washington)

The foregoing instrument was acknowledged before me this 7th day of September, 2010, by Michael W. Park.

NOTARY SEAL:


Notary Public



ENTRY NO. 00149072
09/08/2010 11:58:25 AM B: 0388 P: 0919
Corrected Trustee's Deed PAGE 2 / 2
VERJEAN CARUSO, KANE COUNTY RECORDER
FEE \$ 13.00 BY THE PARK FIRM P.C.


once a week for three consecutive weeks before the date of sale in The Richfield Reaper, a newspaper having a general circulation in the county in which the property to be sold is situated, the first date of such publication being Wednesday, June 16, 2010. The notice was also published in The Richfield Reaper on Wednesday, June 23, 2010, and Wednesday, June 30, 2010;

WHEREAS, all applicable statutory provisions of the State of Utah and all of the provisions of said Trust Deed have been complied with as to the acts to be performed and the notices to be given; and

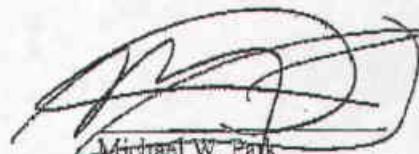
WHEREAS, the Successor Trustee, at the time and place of sale, then and there sold, at public auction, to The Village Bank, a Utah corporation, being the highest bidder therefore, the property described for the sum of \$427,827.

NOW THEREFORE, Successor Trustee, in consideration of the premises recited and of the sum above mentioned, bid and paid by The Village Bank, a Utah corporation, the receipt whereof is hereby acknowledged; and by virtue of the authority in him by said Deed of Trust, grants and conveys unto The Village Bank, a Utah corporation, but without any covenants or warranty, express or implied, all of that certain property situated in Washington County, State of Utah, and described as follows:

All of Section 16, Township 40 South, Range 4 ½ West, Salt Lake Base and Meridian. Together with any rights or interest in two acre feet of Utah Division of Water Rights number 85-1061 (a28132).

Real Property Tax ID: 0-1,5-16-1

DATED this 20th day of July, 2010.

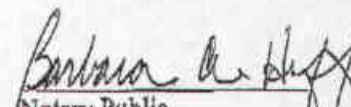

Michael W. Park
Successor Trustee

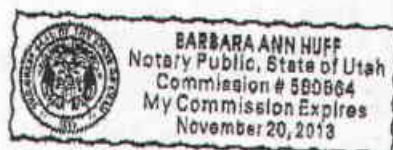
State of Utah)

County of Washington)

The foregoing instrument was acknowledged before me this 20th day of July, 2010, by Michael W. Park.

NOTARY SEAL:


Notary Public

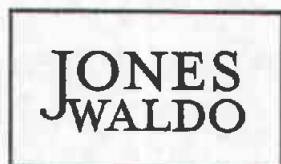


ENTRY NO. 00148635

07/22/2010 10:19:55 AM B: 0357 P: 0477

Trustee's Deed PAGE 2 / 2
VERJAN CARUSO, KANE COUNTY RECORDER
FEE \$ 13.00 BY THE PARK FIRM PC





Attorneys Est. 1875

TEL: 801-521-3200
FAX: 801-328-0537

170 SOUTH MAIN ST, SUITE 1500
SALT LAKE CITY, UTAH 84101

WWW.JONESWALDO.COM

AFFILIATED FIRM
LEAR & LEAR LLP

November 14, 2012

Mr. John Blake
Deputy Assistant Director Hard Rock and Industrial Minerals
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84012

RECEIVED
NOV 15 2012
DIV. OF OIL, GAS & MINING

Re: Mineral Lease No. ML 52188

Dear Mr. Blake:

We represent The Village Bank (Village Bank) in connection with its surface ownership of the following property (the Property):

Township 40 S, Range 4.5 West, SLB&M
Section 16: All

Village Bank made a loan to Nancy and Vernon Dimick in 2007 to purchase the Property, foreclosed on its Deed of Trust for non-payment of the loan in 2010 and obtained title to the surface estate on July 20, 2010, 2010. Attached is a copy of the Trustee Deed conveying title to Village Bank.

Village Bank is aware that the School and Institutional Trust Lands Administration (SITLA) issued Mineral Lease No. ML 52188 on June 1, 2012 to Nancy and Vernon Dimick, as Trustees for the Rotary Land Trust dated June 15, 2007 (Mineral Lease).

Nancy Dimick, as Trustee of the Rotary Land Trust dated June 15, 2007, submitted an application for Mineral Lease on the Property that was received by SITLA on April 19, 2012. The Mineral Action on May 7, 2012 approving Nancy Dimick's application states "The surface of the land is privately owned by the applicant." (Copy attached) This statement is incorrect. I understand that for property where the lessee does not own the surface, SITLA requires the mineral lessee and surface owner to reach an agreement on the surface use and damages, prior to issuing the mineral lease.

Since SITLA's approval of the mineral application was based on incorrect ownership of the surface, Village Bank makes the following requests:

November 14, 2012

Page 2

1. Village Bank requests that SITLA notify the Dimicks of their obligations to the owner of the surface estate prior to commencing operations. It is my understanding that as the mineral lessee, the Dimicks' rights to the use the surface are limited to the reasonable use of the surface and that they are liable to the surface owner for any damages to the surface. In addition, prior to commencing operations, the Dimicks are required to reach an agreement with the surface owner, and either pay agreed upon damages to the surface owner or post a bond with SITLA to assure payment of surface damages to the surface owner. Please copy me an dvillage bank on your notification to the Dimicks.
2. Village Bank also requests that SITLA withhold its approval of any plan of operations submitted by the Dimicks to SITLA until Village Bank and the Dimicks reach agreement on surface use and damages, and the Dimicks either pay the agreed upon damages to Village Bank or post a bond, as required under Utah Code section 53C-2-409.

The contact for Village Bank is:

Doug Bringhurst
The Village Bank
294 E. Tabernacle
Saint George, UT 84770-2936

Thank you for your assistance. Please let me know if you would like to discuss this matter.

Very truly yours,

JONES WALDO HOLBROOK & MCDONOUGH PC



Lucy B. Jenkins
801 534-7356
ljenkins@joneswaldo.com

cc: Tom Mitchell
Doug Bringhurst, The Village Bank
Paul Baker, DOGM

MINERAL ACTIONS

MATERIALS PERMIT NO. 384 SAND AND GRAVEL (EXPIRATION)

Materials Permit No. 384 to mine common sand and gravel on Trust lands was issued to Nelco Contractors, Inc., P.O. Box 282, Price, UT 84501.

AFFECTED LANDS:

T15S, R9E, SLB&M

SEC. 34: SW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$

COUNTY: Carbon

ACRES: 80.0

FUND: SCH

Materials Permit No. 384 expired effective April 30, 2012, and should be shown as expired on all Trust Lands Administration records.

This item was submitted by Mr. Andy Bedingfield for record-keeping purposes only.

APPROVAL OF APPLICATION FOR HUMIC SHALE MINERAL LEASE (SCH)

The following application has been received for a mineral lease for Humic Shale. The surface of the land is privately owned by the applicant. The lands have been checked by the Minerals Group and are found to be open and available for issuance of the lease. The Minerals Group has negotiated terms and conditions of the lease with the applicant as follows: the term of the lease will be ten years; annual rental will be \$1 per acre; annual minimum royalty will be \$6,000; and the production royalty rate will be the greater amount of 10% gross value f.o.b. mine, or \$6 per ton. The applicant has submitted the first-year annual rentals and annual minimum royalties, along with the required filing fee. The lease administrator has had this legal description reviewed by the GIS Group.

ML 52188

T40S, R4.5W, SLB&M

Kane

Nancy Dimick & Vernon Dimick,

SEC. 16: ALL

640.00 acres

As Trustees for the Rotary Land Trust

Dated June 15, 2007

13040 Horse Road

Las Vegas, NV 89124

Upon recommendation of Mr. Blake, the Director approved the above-listed application.

ENTRY NO. 00149072

09/08/2010 11:58:25 AM B: 0388 P: 0918

Corrected Trustee's Deed PAGE 1 / 2

VERJEAN CARUSO, KANE COUNTY RECORDER

FEE \$ 13.00 BY THE PARK FIRM P.C.



After Recorded Return to:

The Park Firm, P.C.
315 W Hilton Drive, #4
Saint George UT 84770-2203

Grantee's Mailing Address:

The Village Bank
294 E Tabernacle
Saint George UT 84770-2936

CORRECTED TRUSTEES DEED

This Deed is made by Michael W. Park, as successor Trustee under the hereinafter described Deed of Trust in favor of The Village Bank, a Utah corporation.

WHEREAS, on the 29th day of October, 2007, Vernon H. Dimick and Nancy Dimick, as trustors executed and delivered, for the benefit of The Village Bank, a Utah corporation, as Beneficiary, a certain Deed of Trust to secure the performance by the Trustors of their obligation under a Promissory Note executed and delivered for a valid consideration by Vernon H. Dimick and Nancy Dimick on the 29th day of October, 2007. The Deed of Trust was recorded in the office of the Kane County Recorder on the 29th day of October, 2007, as Entry No. 00137303, and covered the property described below; and

WHEREAS, a breach and default was made under the terms of the Deed of Trust in the particulars set forth in the Notice of Default referred to below; and

WHEREAS, Michael W. Park was appointed by the Beneficiary as Successor Trustee by a Substitution of Trustee recorded in the office of the Kane County Recorder on the 22nd day of October, 2009, as Document No. 00146028; and

WHEREAS, Michael W. Park, executed and filed for record in the office of the Kane County Recorder, a written Notice of Default containing the election to sell the trust property, which Notice of Default was recorded on the 22nd day of October, 2009, as Document No. 00146029; and

WHEREAS, the Successor Trustee in consequence of the declaration of default, election and demand for sale, and in accordance with said Deed of Trust, executed his Notice of Trustees Sale stating that he would sell at public auction to the highest bidder the property therein and hereafter described, and fixing the time and place of said sale as Thursday, July 15, 2010, at 11:00 a.m. of said day, on the steps of the Kane County Courthouse, and did cause copies of said notice to be posted for not less than twenty days before the date of sale therein fixed, on a conspicuous place on the property listed on the Notice of Sale, and at the Washington County Recorder's Office [Notice of Sale in accordance with Utah Judicial Code, 57-1-25(b) as amended]; and said Successor Trustee did cause a copy of said notice to be published

once a week for three consecutive weeks before the date of sale in The Richfield Reaper, a newspaper having a general circulation in the county in which the property to be sold is situated, the first date of such publication being Wednesday, June 16, 2010. The notice was also published in The Richfield Reaper on Wednesday, June 23, 2010, and Wednesday, June 30, 2010;

WHEREAS, all applicable statutory provisions of the State of Utah and all of the provisions of said Trust Deed have been complied with as to the acts to be performed and the notices to be given; and


WHEREAS, the Successor Trustee, at the time and place of sale, then and there sold, at public auction, to The Village Bank, a Utah corporation, being the highest bidder therefore, the property described for the sum of \$427,827.

NOW THEREFORE, Successor Trustee, in consideration of the premises recited and of the sum above mentioned, bid and paid by The Village Bank, a Utah corporation, the receipt whereof is hereby acknowledged, and by virtue of the authority in him by said Deed of Trust, grants and conveys unto The Village Bank, a Utah corporation, but without any covenants or warranty, express or implied, all of that certain property situated in Kane County, State of Utah, and described as follows:

All of Section 16, Township 40 South, Range 4 ½ West, Salt Lake Base and Meridian. Together with any rights or interest in two acre feet of Utah Division of Water Rights number 85-1061 (a28132).

Real Property Tax ID: 0-1,5-16-1 (0-4,5-16-1 WUC#85-1061)

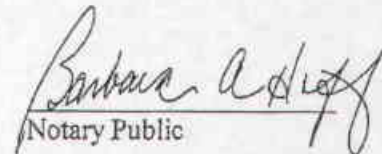
DATED this 7th day of September, 2010.

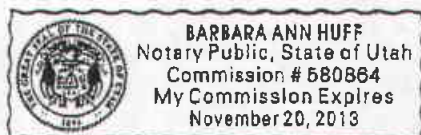

Michael W. Park
Successor Trustee


State of Utah)
 :
County of Washington)

The foregoing instrument was acknowledged before me this 7th day of September, 2010, by Michael W. Park.

NOTARY SEAL:


Notary Public



ENTRY NO. 00149072
09/08/2010 11:58:25 AM B: 0388 P: 0919
Corrected Trustee's Deed PAGE 2 / 2
VERJEAN CARUSO, KANE COUNTY RECORDER
FEE \$ 13.00 BY THE PARK FIRM P.C.


After Recorded Return to:
The Park Firm, P.C.
315 W Hilton Drive, #4
Saint George UT 84770-2203

ENTRY NO. 00148635

07/22/2010 10:19:55 AM B: 0387 P: 0476

Trustee's Deed PAGE 1 / 2
VERJEAN CARUSO, KANE COUNTY RECORDER
FEE \$ 13.00 BY THE PARK FIRM PC



Grantee's Mailing Address:
The Village Bank
294 E Tabernacle
Saint George UT 84770-2936

TRUSTEES DEED

D-4.5-16-1

WUC# 85-1061

This Deed is made by Michael W. Park, as successor Trustee under the hereinafter described Deed of Trust in favor of The Village Bank, a Utah corporation.

WHEREAS, on the 29th day of October, 2007, Vernon H. Dimick and Nancy Dimick, as trustors executed and delivered, for the benefit of The Village Bank, a Utah corporation, as Beneficiary, a certain Deed of Trust to secure the performance by the Trustors of their obligation under a Promissory Note executed and delivered for a valid consideration by Vernon H. Dimick and Nancy Dimick on the 29th day of October, 2007. The Deed of Trust was recorded in the office of the Kane County Recorder on the 29th day of October, 2007, as Entry No. 00137303, and covered the property described below; and

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WHEREAS, Michael W. Park, executed and filed for record in the office of the Kane County Recorder, a written Notice of Default containing the election to sell the trust property, which Notice of Default was recorded on the 22nd day of October, 2009, as Document No. 00146029; and

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WHEREAS, all applicable statutory provisions of the State of Utah and all of the provisions of said Trust Deed have been complied with as to the acts to be performed and the notices to be given; and

WHEREAS, the Successor Trustee, at the time and place of sale, then and there sold, at public auction, to The Village Bank, a Utah corporation, being the highest bidder therefore, the property described for the sum of \$427,827.

NOW THEREFORE, Successor Trustee, in consideration of the premises recited and of the sum above mentioned, bid and paid by The Village Bank, a Utah corporation, the receipt whereof is hereby acknowledged; and by virtue of the authority in him by said Deed of Trust; grants and conveys unto The Village Bank, a Utah corporation, but without any covenants or warranty, express or implied, all of that certain property situated in Washington County, State of Utah, and described as follows:

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Real Property Tax ID: 0-1.5-16-1

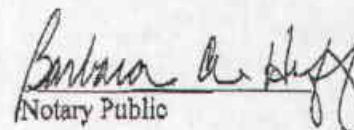
DATED this 20th day of July, 2010.

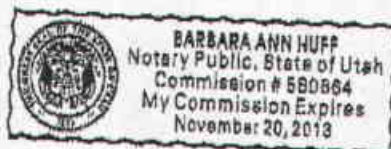

Michael W. Park
Successor Trustee

State of Utah)
 ;
County of Washington)

The foregoing instrument was acknowledged before me this 20th day of July, 2010, by Michael W. Park.

NOTARY SEAL:


Notary Public



ENTRY NO. 00148635

07/22/2010 10:19:55 AM B: 0387 P: 0477

Trustee's Deed PAGE 2 / 2
VERJEAN CARUSO, KANE COUNTY RECORDER
FEE \$ 13.00 BY THE PARK FIRM PC

